

**Town of Essex
29 West Avenue
Essex, CT – Meeting Room A**

**Board of Finance
(Special Meeting with the Board of Selectmen)
March 17, 2016**

MINUTES

In attendance: Keith Crehan, Chairman, Campbell Hudson, Vice Chairman, Mary-Louise Polo, Vincent Pacileo, III and Don Mesite. Absent: Jeffrey Woods

Others in attendance: Norman Needleman, First Selectman
Stacia Libby, Selectman
Bruce Glowac, Selectman
Kelly Sterner, Finance Director
James Francis, Treasurer
Yvonne Roziak, Recording Secretary

Meeting was called to order at 7:07 p.m. by Keith Crehan.

APPROVAL OF AGENDA:

Motion made by Mary Louise-Polo to approve the agenda, seconded by Don Mesite. Passed unanimously. Motion carried.

APPROVAL OF MINUTES:

Vin Pacileo had two corrections /additions to the minutes. The first correction is on Page 1 under "Financial Report - Revenues" first paragraph, second sentence should read: "While this continues to lag last year's collection rate of 92.68%, with the last day "being February 3rd"(added) to make the 2nd half payments in early February...". The second item to correct was on Page 3, under "Selectmen's Report" third paragraph, last sentence - to correct the month of Zoning Commission meeting from January 22, to" February 22".

Vin Pacileo moved to accept the minutes of the Regular Meeting Minutes of February 18, 2016 (as amended), seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

FINANCIAL REPORT:

Revenues:

As expected, our tax collections finally caught up with historical collection levels. Current year property tax collections totaled \$1,996,024 for the month bringing the collection rate to 98.43% as of 2/29/16

compared to 97.91% the prior year. With the collection of a significant past due during the month, the prior years and interest & liens are comfortably above their full year budget totals. Combined, total tax collections are at 98.78% of the full year total compared to 98.14% the prior fiscal year. With the end of the grace period as of February 3rd, collections will show but we are on track to meet our budgeted tax revenue. State revenue for the month consisted of the remainder of the Town Aid Road payment. Currently the state promises no cuts to LOCIP and ECS for the fiscal year. Nonetheless, state revenue receipts will disappoint this fiscal year. Local revenue had another very strong month with revenue collections of \$65.9K. Building fees of \$25.6K bring that revenue line to 76.43% of budget. Conveyance Tax was also strong with collections of \$15.7K and brings the total conveyance tax collections to 107% of budget. Total Revenue as of February 2016 month end amount to 96.55% of budget which is in line with the 96.36% rate the prior year.

Expenditures:

Expenditures for the month of February total \$1,456,607 bringing total YTD spending to \$15,281,698 or 65.72% of budget. This consisted of \$1.11 million of education expenditures and \$348K of town government expenditures. While total YTD spending would appear to compare well to last year's rate of 69.17%, we have not yet processed the sinking fund transfers of \$302.5K this fiscal year. Town spending for the month included \$87.4K of public works expenditures. Costs associated with the February winter weather (overtime, salt & sand, plowing and sanding) were influential for the month, but this budget, with 67.84% expended as of February month end compares well to the same point last fiscal year at 74.45% expended. And with what looks like and early spring, this trend will continue. Other budget lines in the Selectmen's budget continue to be trending well. Next month we will start to include a full year forecast.

An updated budget and forecast has been provided for the Elementary School. The projected deficit has been reduced from \$57K to \$43K. They continue to look for savings but the \$99K of unanticipated Special Ed costs (net of state reimbursements) is a tough nut to cover.

Motion made by Don Mesite to accept the Financial Report, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

SELECTMEN'S REPORT (BOARD OF SELECTEN'S 2016-017 BUDGET):

Kelly distributed the updated Essex Elementary School Budget as well as a handout of Expenditures Summary by Budget. Some of the adjustments to the Town's Budget include Central Services and Fringe Benefits changes which are still estimates as we are currently in contract negotiations with Public Works. Insurance is going up and partially due to a year of bad claim experience. A line item of \$1K has also been included for a Conservation project at Bushy Hill.

Norman indicated that the budget was well thought out and very responsible. Some of the hits were debt service, interest on new bonds and salary increases of 2.75%. There is also a raise in the rate for the resident state trooper to 100% versus the 70% reimbursement to the State that is budgeted for the current fiscal year. This brings the Town to 3 full time officers, 1 part-time officer and resident state trooper. The Building Official and Fire Marshal requested more help. The Fire Department asked for a slight increase in funding. Their operating costs have increased as they will need to pay for firefighting training as the State has cut this line item.

An additional expenditure was put in the budget for Ambulance/EMT Services - Emergency Medical Services Support which was discussed at the last BOF meeting per a request from Middlesex Hospital to surrounding Towns.

Vin asked about increases in Public Works, First Selectman's office, and Town Clerk's office. He also asked if the Assessor's Office will incur extra costs for what the state has done with regards to the recent DMV issues. Norman responded that at this point he doesn't believe so.

Fringe Benefits under OPEB: Vin asked if that increase was given to us by the Town Actuary. Kelly indicated we cut it back a bit – it is a pay as you go. This will begin the process of establishing an OPEB trust.

Legal Fees: Campbell discussed the legal fees for the BOA and leaving it at \$10K. This appears to be the case year to year as fees are usually higher during revaluation years.

Technology – Vin asked if there is going to be a spike in the next few years in this budget. Norman responded that in the next few years (3-5 years) Technology will be substantially higher for software. Infrastructure software upgrades will be needed for Data Management, Document Management, Land Use and Public Works. This will save time and give us a much higher level of security.

Discussion ensued about the Essex Station Apartments. A crane is currently in place to indicate what the roof line will be on one of the three apartment buildings that will be built there. There is currently some opposition with regards to the apartments; however, Norman indicated we'll just have to see how it all pans out.

Police Services – Vin inquired about part-time payroll. Kelly indicated this is a reallocation from the full-time line. This was adjusted to accurately reflect our current and projected staffing level.

Highway Department – Vin mentioned that part-time payroll costs are up 42.65%. Norman responded that we are continuing to try and curb costs by keeping hours worked under 30.

Interest and principal – Vin asked about the calculations and how (from this table) did we get to this number. Kelly indicated that the secret ingredient is the debt service for the Bond Anticipation Note. In years 2016- 2017, we will renew for another 9 months. The second 9 month note will also mature in fiscal year 2016-2017.

Capital & Sinking – Vin inquired as to why the Municipal Property Sinking Fund decreased by \$15K. Kelly indicated we moved it to the municipal property improvements. We tend to need it during the fiscal year in the event of planned and unanticipated capital projects.

Vin noted that the Metrics in budget binder are helpful and suggested they be placed in the front of the book.

Mary-Louise Polo – inquired about the Board of Finance – \$75K contingency. Kelly indicated we use it for a variety of unanticipated purposes. For example, it was used for matching funds from grants last year. Additionally, the Town can use the contingency fund at end of year for overages and to offset end of year transfers.

Mary- Louise Polo – inquired about the Retirement Plans – are we behind on actuarial sources i.e. mortality rates? We assumed a rate of interest has been reduced and we also had an early police retirement and that required funding.

Don Mesite asked about the Unassigned Fund Balance creeping up over \$3M. Norman responded that this is relative to total expenditures that continue to be strong and prudent. This assists the Town to maintain its Aa2 rating from Moody's based on their assessment of the town's historical trend and financial stability.

Discussion ensued about the Essex Elementary School and their upcoming budget meeting. The BOF feels that Region 4, when presenting the school budgets, should be more transparent as the EES Budget and our BOF Budget are when presented to the public.

OLD BUSINESS: None

NEW BUSINESS: None

COMMUNICATION AND CORRESPONDENCE: None

PUBLIC COMMENT: None

ADJOURNMENT:

Motion made by Keith Crehan to adjourn the meeting at 8:35 p.m., seconded by Don Mesite. Passed unanimously. Motion carried.

Next Meeting will be held on March 31, 2016.

Respectfully submitted,

Yvonne M. Roziak